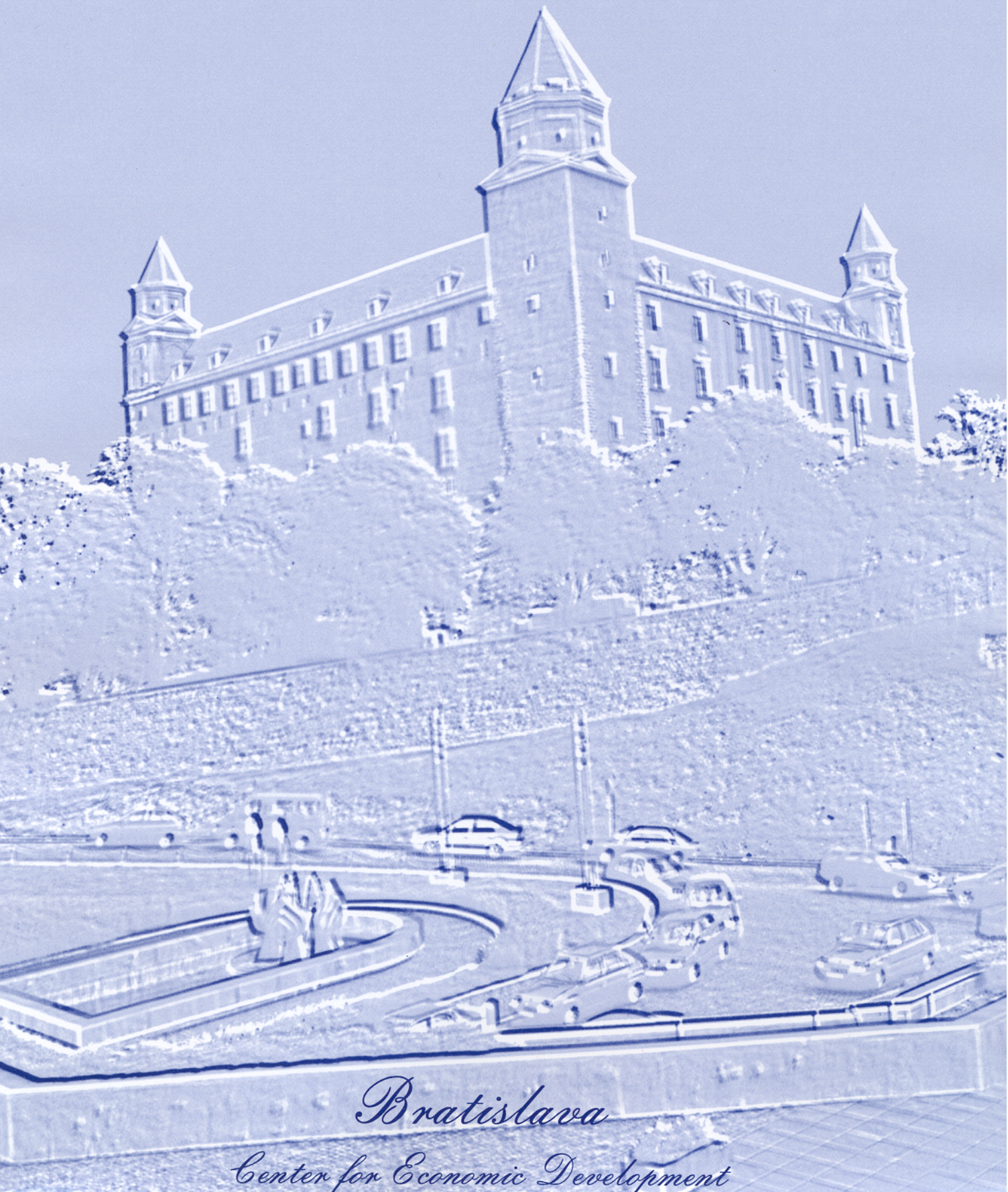


Annual Report

1998



Bratislava

Center for Economic Development

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FOREWORD

The human fingers are of different lengths. Nevertheless, they reach a bottom at once. This has been a saying, in which we have trusted hoping in improvement of the situation in Slovakia. Hoping in creation of a civil society, hoping in catching up with other Central European countries in the process of globalisation, hoping in becoming a standard country. Hoping that societies are "selfhealing systems". Of course, with a little help. At the Center for Economic Development, non governmental organisation, the activities were the most intensive in 1998. We published more than 150 articles in local and international press, we gave interviews to electronic media, etc. We continued in promoting transparency, spreading Internet at municipal level, in researching economic barriers to globalisation processes. Since the number of tasks increased significantly, we have founded a branch, Transparency International Slovakia, which started its operation in September 1998, when CED celebrated its fifth anniversary. In 1998 CED organised five seminars, published five studies, two bulletins and one national report. Our members were also involved in international projects and were invited as experts by respective international organisation to participate at various seminars including EU Phare Program, OECD, UNDP and the World Bank.

Why such a number of activities within one year? Because Slovakia was staying at cross roads in 1998. The Parliamentary elections were to shape the future of this country for decades.

After years of battles, quarrels, and heated discussions, Slovakia is becoming a civil society: The signals from EU and NATO can not be compared with those we received in the past, the co-operation between the government and NGOs is much more intensive. Even the CED experts became honorary external members of a several government bodies.

It looks like Slovakia is moving back on the track. There is still lot of work to be done, however, "our finger has already started to catch up..."



EUGEN JURZYCA
Chairman

FOREWORD

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EUGEN JURZYCA
Chairman

MISSION STATEMENT

The *Center for Economic Development*, (*CED* in English or *Centrum pre hospodársky rozvoj* - *CPHR* in Slovak), is a non-profit, non-governmental organisation specialising in economic research. Founded in 1993, *CED* focuses on supporting freedom in business and democracy which are the necessary conditions for the successful development of the Slovak economy.

In addition to researching economic issues, *CED* organises seminars and publishes articles in the daily press, economic newspapers, and business journals to advance its objectives. *CED* supports a more transparent economic process and the integration of Slovakia into international economic and political organisations.

The future growth of the Slovak Republic requires transparent processes in business, government, and society. *CED* promotes these ideas and fosters mutual understanding between Slovakia and other countries. Its researchers cooperate with renowned international economic institutions in joint research ventures and work with domestic and foreign non-profit organisations and sponsors throughout the world.

ADVISORY BOARD

Zdenko Kováč

Chairman of the Board

Saul Estrin

London Business School

David Frankel

U.S. Federal Trade Commission

Attish R. Ghosh

Princeton University

Paul Hirsch

Northwestern University

Katarína Mathernová

Shearman & Sterling

Peter Mihók

Slovak Chamber of Commerce

Ján Morovič

City University Bratislava

Marián Nemec

National Bank of Slovakia

Takashi Shirasu

Sasakawa Peace Foundation

Marius Schwartz

Georgetown University

Juraj Stern

Economic University of Bratislava

Luba Zimanová-Beardsley

The World Bank

DONORS

In 1998, we could continue our economic research due to the generosity of the following international donors:

The Center for International Private Enterprise

The Ford Foundation

The German Marshall Fund of the United States

The Open Society Fund

PHARE Programme

The Royal Netherlands Embassy

Swedish Chamber of Commerce in the SR

STAFF

Eugen Jurzyca
Chairman

Daniela Zemanovičová
Director

Andrej Juris
Honorary Chairperson

Anna Pilková
Honorary Chairperson

Daniel Kovács
Researcher

Rastislav Kováčik
Researcher

Ema Sičáková
Researcher

Luboš Vagač
Researcher

Milan Kisztner
Public Relations Manager

Mária Dudoňová
Accountant

PROJECTS

TRANSPARENCY IN THE SLOVAK ECONOMY II.

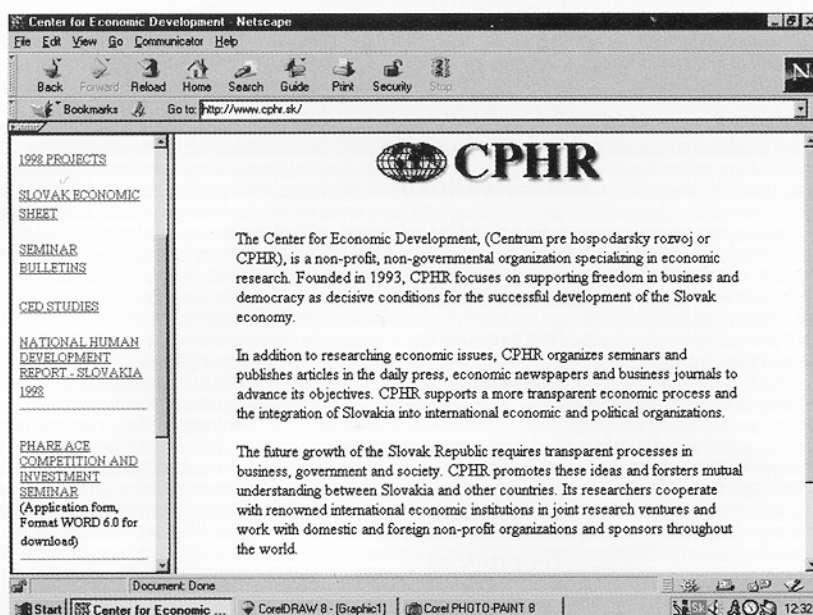
Period: October 1, 1998 - September 30, 1999

Summary:

The main objective of the project is to contribute to a decrease in the size of the shadow economy in Slovakia, and thus to create a basis for sustained economic growth and democratic development of the country. It will focus on prevention and reforming systems rather than on individual cases.

Main Project Objectives:

- 1) To map out the areas where the shadow inter company economy is most prevalent
- 2) To measure the extent of the shadow economy through alternative methodology to the one officially used
- 3) To recommend changes in legislation and its implementation to reduce the size of the shadow economy
- 4) To provide intensive advocacy to fight against the culture tolerating corruption and the lack of transparency in Slovakia



Homepage of the Center for Economic Development

PROJECTS

TRANSPARENCY IN THE SLOVAK ECONOMY I.

Period: July 1, 1997 - September 30, 1998

Summary:

The project identified areas where corruption of officials who possess power over the distribution of public benefits or costs appear most frequently. It recommends concrete changes in valid legislation and steps needed to be taken to increase transparency of government activities. Its objective is also to serve as a foundation for creating a strategy devoted to the fight against corruption.

Main Project Objectives:

- 1) In general, to promote transparency of government activities in the Slovak economy which will lead to a decrease in corruption. It is worth stressing that the recommendations will not lead to rigid, unresponsive government
- 2) To increase the efficiency of Public Procurement Law
- 3) To propose the principles of the Law on Auctioning Licenses.

Seminars:

October 6, 1997

"Transparency of Government Activities I.

The lecturers:

D. P. Frankel (*Federal Trade Commission, USA*)

Public Access to Government Information

A. Freibert (*Sigma, OECD*)

Support of Ethics

H. Fuhr (*The World Bank*)

The Role of the State in the Economy and Economic Consequences of the Lack of Transparency

A. Z. Kaminski (*A. Smith's Research Center, Poland*)

Polish Corruption Experience During Economic Transition

J. Pope (*Transparency International, Germany*)

Current Stage of Government Transparency in the World

M. G. Stet (*National Bank of Romania*)

Transparency in the Romanian Economy

Approximately 82 people took part at this seminar.

PROJECTS

"Transparency of Government Activities II."

December 17, 1997

The lecturers:

M. Bakay (*Ministry of Construction and Public Works of the SR*)

Transparency in Enforcement of Public Procurement in the Slovak Republic

I. Mikloš (*M.E.S.A. 10*)

Transparency of the Privatisation Process

I. Turský (*Ministry of Economy of the SR*)

Foreign Trade Licensing in the SR

J. Oravec (*F. A. Hayek Foundation*)

Economic Freedom, Transparency and Economic Growth

Approximately 54 people participated at the seminar.

"Transparency of Government Activities III."

September 21, 1998

The lecturers:

E. Jurzyca (*Center for Economic Development*)

Transparency in the Slovak Economy

J. Vlach (*ÚEOS-Komerčia*)

Making Public Procurement System More Effective

E. Sičáková (*Center for Economic Development*)

Competitive Methods of Licenses Granting in the Slovak Economy

J. Fülle (*Slovak Syndicate of Journalists*)

Journalists Access to Information

V. Bačišin (*Národná obroda Daily*)

Usage of Insider (Confidential) Information in Non-Transparent and Unfair Practices on Capital Market

More than 50 people took part at this seminar.

Study:

Emília Sičáková, Eugen Jurzyca, Peter Švec - **Transparency in the Slovak Economy**

The study is focused on the current situation of transparency of government activities in Slovakia. As opposed to the government anti-corruption program, "Clean Hands", the study recommends concrete changes in valid legislation, as well as general steps to be taken to increase transparency of government activities. It also explains the negative impact high corruption and the lack of transparency have on particular firms, citizens, and society as a whole. The study was presented at a special press conference at the end of the project period.

PROJECTS

Policy Papers:

Emília Sičáková, Daniela Zemanovičová - Competitive Method of License Granting in the Slovak Republic

This publication is focused on the principles of granting licenses via actions in various fields. Its goal is to increase transparency and efficiency of license distribution, reduce subjectivity in decision making as well as unlawful personal gains of licensors – those holding powers to award (distribute) licenses.

Jiří Vlach - Transparency in Public Procurement – Slovak Republic

The paper specifies the problems in the valid law and shows how insufficient transparency in public procurement does have an impact on the other principles of public procurement, which results in less-than-desired economy and efficiency in public funds spending. The author also suggests changes in the implementation of valid law to enhance the efficiency of the whole process.



Lecturers of the CED's seminar on Transparency hear a lecture of their colleague

PROJECTS

BARRIERS TO INTEGRATION IN TRANSITIONAL COUNTRIES COMPETITION POLICY VIEW

Period: April 1, 1997 – December 31, 1998

Summary:

The project was focused on the analysis of administrative/regulative barriers to competition in transitional countries. According to available information, this was the first time that a Slovak institution has become a project co-ordinator of the ACE Phare Programme. The project involved experts from Austria, Czech Republic, France, Hungary, Poland and the UK.

Main Project Objectives:

- 1) To support integration of transitional economies into the European Union
- 2) To analyse concrete cases involving regulation restrictions and to contribute to the further development of a relevant theory dealing with administrative/regulative barriers to competition
- 3) To propose ways of coping with problematic situations

Workshops:

September 7.-8., 1997

The first workshop was held for only expert participants of the project. The objective was to co-ordinate the project and to select cases relevant to competition problems, i.e. restrictive measures taken by state authorities.

November 16, 1998

The second workshop was focused on discussions regarding general conclusions, potential solutions to problems, and the exchange of data and information obtained during the project implementation. Project participants, state officials, Slovak MP's, experts, and journalists attended. The workshop was organised in Bratislava, Slovakia.

The lecturers: **Daniela Zemanovičová** (CED), Slovakia – project coordinator

Zoltán Bara (University of Economics), Hungary

Eva Bočinská (Ministry of Finance), Czech Rep.

Dominique Brault (R.E.M.E.C.O), France

Martin Cave (Brunel University), UK

Norbert Knoll (WIFO), Austria

Alek Nowak (Centre for Europe), Poland

Andrzej Sopocko (School of Management), Poland

PROJECTS

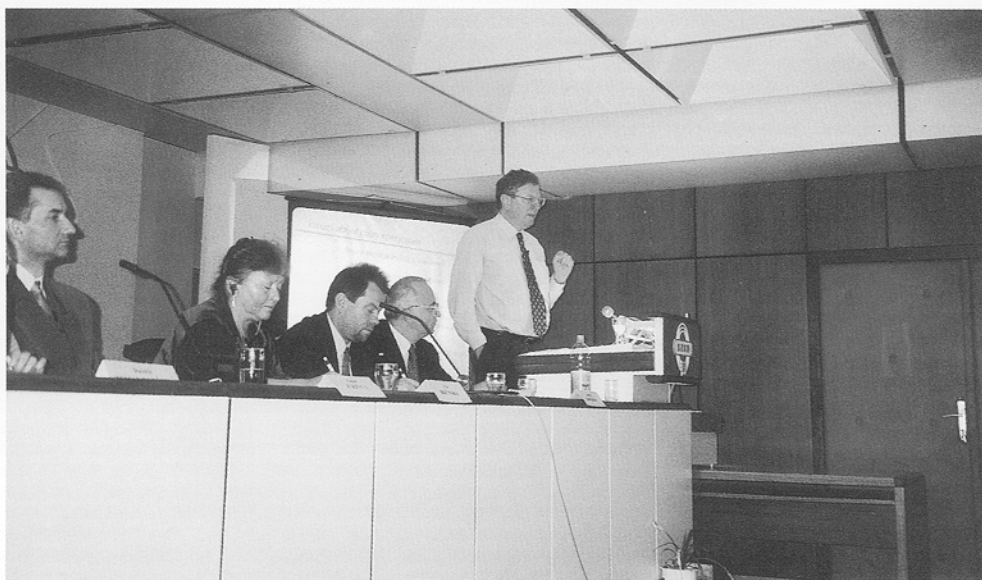
Study:

Daniela Zemanovičová (ed) – Regulatory Barriers to Competition in Transitional Countries

The study characterises administrative/regulative barriers to competition. It collects relevant case studies and describes each case, potential impacts' identification, and connection to the integration process. It contains opinions of businessmen from Slovakia, the Czech Republic, Poland, and Hungary regarding regulation measures of public administration. A summary of arguments is presented explaining how the particular measures taken by state authorities are harmful. Last, a presentation of theoretical conclusions dealing with the negative impact of barriers to competition, especially in conjunction with economic transformation and integration into EU structures is included in the study.

Other Activities:

Lectures and seminars had been organised by the Bratislava University of Economics - Faculty of Management, and a course titled "Competition Protection and Antitrust Policy" was established. The course was primarily focused on the analysis of barriers to free competition through case study analysis on regulative/administrative barriers to competition. Consequently, a quick transfer of scientific results from experts to young students will be assured. The project also includes the presentation of project results on the special press conference and the publishing of articles on respective topics.



M. Cave(Brunel University, UK) holds a lecture in the workshop in Bratislava

PROJECTS

PUBLIC ADMINISTRATION RESTRAINTS TO ECONOMIC COMPETITION

Period: July 1, 1997 – December 31, 1998

Summary:

The project identifies and analyses legal and implementation problems in selected transitional countries. The main attention was paid to cases of competition restricting measures taken by state administration and/or legislative bodies.

Main Project Objectives:

- 1) Identification of administrative and/or regulative barriers to competition specific for transitional countries
- 2) Collection of case studies which describes and analyses restrictive steps taken by state authorities in the area of economic competition
- 3) Use experience of developed countries in this area

Seminar:

November 23, 1998

"Public Administration Restrains to Economic Competition"

The lecturers:

Peter Nižňanský (*Antimonopoly Office of the SR*)

Experience of the Slovak Antimonopoly Office with the Application of Article 18 of Competition Protection Act

Russel Pittman (*U.S. Department of Justice*)

Regulation, Deregulation, and Competition Advocacy in the United States

Piotr Jasinski (*Oxford University*), UK

Regulation for Competition and Deregulation in the UK

Eva Bočínská (*Ministry of Finance of the Czech Republic*)

Experience of the Czech Rep. with Administrative-Regulation Barriers to Economic Competition

Zoltán Bara (*University of Economic Sciences*), Hungary

Lock-in Competition. A New Phenomenon of the Emerging Market Economies

Ľubomír Dolgoš (*Economic University*), Slovakia

Antimonopoly Office and State Interventions into Competitive Environment

Approx. 40 people took part in this seminar.

PROJECTS

Policy Paper:

Daniela Zemanovičová (ed) – Public Administration Restraints to Economic Competition

The publication characterises administrative/regulative barriers to economic competition. It contains experience of developed countries in this area and there are also presented theoretical conclusions dealing with negative impacts of barriers to competition, especially in conjunction with economic transformation and integration to the EU.

Other Activities:

Regular publishing of articles in both Slovak and international press during the time period of the project.



Experts in the seminar in Bratislava

PROJECTS

INSTITUTIONAL ADVANCEMENT OF THE CENTER FOR ECONOMIC DEVELOPMENT – STRENGTHENING ITS RESEARCH CAPACITY

Period: April 1, 1996 – June 30, 1999

Summary:

The project was designed to strengthen the research capacity of *the Center for Economic Development (CED)*. Its core goal was to create the capacity to hire one researcher during the first year of the project and for two researchers during the second year.

Main Project Objectives:

- 1) Multiplying *CED's* impact on public policy in Slovakia by strengthening its research capacity
- 2) Providing “Initial Research Snowball” that will lead to attracting Slovak economists to work for domestic NGOs in the future
- 3) Strengthening of *CED's* involvement in international co-operative ventures.

Policy Papers & Studies:

The **first year** of the project:

Anton Marcinčin, Daniela Zemanovičová, Ľuboš Vagač - **Privatisation Methods and Development in Slovakia**

The paper analyses mechanisms that led to the political manipulation of the privatisation process in Slovakia. The model of game theory with competing political parties and two types of managers is applied. The paper studies also impact of such privatisation on economic development. Particularly, restructuring of firms is considered. The paper contains both descriptive and analytical parts.

Anton Marcinčin - **Strategic Company Act – a Step Backwards in the Transformation of Slovakia?**

This study reflects approval of the three page Act that attempts to establish individual consideration for the sale of selected Slovak enterprises. First, the state role in the economy is explained. Next, the Act is analysed to determine the consequences it has had on reform in the Slovak economy. Deregulation of natural monopolies and publicly beneficial firms from GB and USA are used as examples. Last, the paper concludes with recommendations for change of the government's role in the Slovak economy from ‘commanding’ to regulating.

PROJECTS

The **second year** of the project:

A. Marcinčin

- Restructuring Banks in Slovakia, Restructuring Slovak Enterprises - Sectoral Studies

The first part of the study analyses the development of the banking sector in Slovakia, its role, and its problems. The study then offers solutions. The government, which is crowding out loans that would otherwise be available to the private sector, had to increase its deficit by gaining control over the Central Bank. The Export and Import bank, which has been criticised by the IMF, gives the government other chance of financing 5% of its budget deficit. Bad bank loans remain an unsolved problem. The restructuring of banks is led by the Central Bank, while the government prefers to increase its budget income. The banking sector in Slovakia is still dominated by state-owned banks.

The second part analyses microeconomic reform in Slovakia from different perspectives. The micro-economic environment established by a legal framework and institutions is analysed. Firms are studied by sector for performance, including exports. The study concludes that important changes are necessary to define the Slovak market which still lacks factual protection of ownership rights, important institutions, and protection and the enforcement of contracts.

M. Lubyová

- Active Labour Market Policies in the Slovak Republic

This study is focused on the evaluation of the role and effectiveness of ALMP measures in Slovakia during the period 1990 – 1996. Main ALMP programs and their reforms are described in the context of the development of other labour market institutions. Effectiveness of various ALMP programs in terms of promoting the outflows from unemployment in Slovakia is then estimated for the years 1995-96. The author provides a summary of the results of previous studies in the field and discusses the main limitations for the application of standard estimation methods. Based on the results, recommendations are made for enhancing the ALMP effectiveness in the future.

L. Vagač, M. Strapec

- Housing Market Support in Slovakia

The goal of the project was to analyse barriers to housing market in Slovakia and to propose recommendations for improvement. To improve the stagnating housing sector in Slovakia, several legislative and institutional barriers have to be removed. In addition, a transparent participation of the public sector on housing support has to be defined. The goal is to make the housing sector more attractive for private capital and to develop the housing market in Slovakia. This will insure that obtaining an appropriate home becomes more affordable.

PROJECTS

FOREIGN DIRECT INVESTMENTS

Period: February 1, 1998 – November 30, 1998

Summary:

Foreign Direct Investments (FDI) are particularly considered as more important than other forms of capital influx: loans, portfolio capital. It is one of the best anchors for fixing market principles and democracy in a domestic country. FDI brings not only financial capital, access to foreign markets and know how, but also new culture, way of thinking and corporate governance. It is also one of the safest "coverage" of the deficit on the Current Account of the Balance of Payment which occurs in the majority of transition countries. Foreign investors usually serve as international lobby acting in favour of domestic countries. Removing barriers to FDI inflow needs not only accumulation of proper know how, but also creation of personal contacts. Slovakia has the lowest influx of foreign direct investment in the region.

Main Project Objectives:

- 1) Identifying major barriers to foreign direct investments inflow
- 2) Formulating recommendations in order to increase influx of FDI and through this promote growth in transitional countries (especially in Slovakia)
- 3) Facilitating globalisation process

Conference:

November 23, 1998

"Foreign Direct Investments"

The participants of the conference were both domestic and foreign researchers, representatives of embassies, businessmen, municipality representatives and experts in the field of foreign direct investment. The conference was focused on presentation of experiences and knowledge of researches and concrete skills of biggest foreign investors. Government's strategy in this area has been presented by Ivan Mikloš, Deputy Prime Minister; Brigita Schmögnerová, Minister of Finance and Gabriel Palacka, Minister of Transport, Posts and Telecommunications. Conference took place in Bratislava.

More than 100 people attended this conference.

PROJECTS

Study:

Rastislav Kováčik, Viktor Tegelhoff - Foreign Direct Investments

The study identifies the main barriers, necessity and impacts of the Foreign Direct Investments in Slovakia. It also contains recommendations on removing barriers and promoting influx of Foreign Direct Investments in the Slovak Republic.



Ivan Mikloš, Deputy Prime Minister informs on government's policy on FDI



Brigita Schmögnerová, Minister of Finance and E. Jurzyca, Chairman of CED discuss FDI problems

PROJECTS

NATIONAL HUMAN DEVELOPMENT REPORT SLOVAKIA 1998

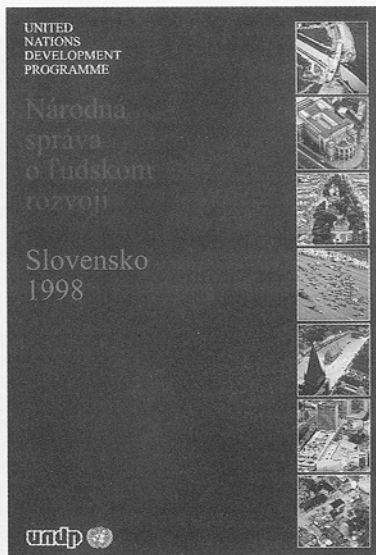
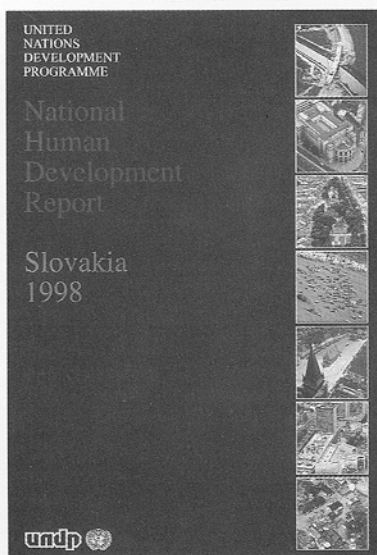
Period: June 1998 – November 1998

Summary:

The project activities were realised in co-operation with the United Nations Development Programme and were focused on the preparation of the National Human Development Report (NHDR).

Publication:

The Report fosters the concept of human development as the process of increasing people's options to lead a healthy and creative life, to be educated, and to enjoy a decent standard of living. Meeting of these objectives is hampered by certain problems in a society. Therefore, the NHDR draws the attention to human development problems whose solutions are perceived by the Slovak citizens as the most urgent (e.g., crime and personal security, health care, unemployment, economic development, human rights, environmental issues, etc.). The respective list of issues is long, and that is why renowned domestic experts were invited to cover comprehensively various areas of social, economic and political life. The publication (available in both English and Slovak versions) also offers an overview of human development indices, particularly the estimation of the human development index HDI.



PROJECTS

PROMOTING LOCAL DEMOCRACY THROUGH INTERNET IN SLOVAKIA III.

Period: May 1, 1998 – April 30, 1999

Summary:

The third project on promoting local democracy through Internet is focused on advancing the pilot project created in 1996.

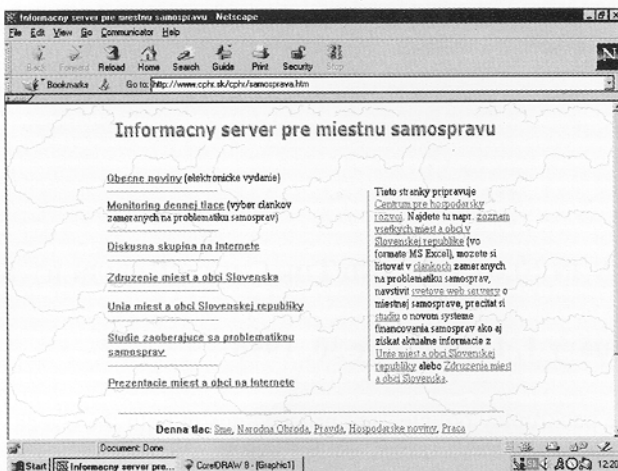
Main Project Objectives:

- 1) Promoting Internet development in Slovakia by providing education and technical support to municipalities.
- 2) Facilitating exchange of information at the municipal level.
- 3) Identifying problems in using Internet at the local level.
- 4) Establishing a dialogue between municipalities participating in the project and entities promoting market economy and democracy.
- 5) Fostering better information exchange between Slovak regions and municipalities and their foreign counterparts.

Workshop:

April 2, 1998

Workshop was focused on using of Internet by local governments. Event has been organised in co-operation with the Association of Towns and Communities of Slovakia.



Homepage for municipalities managed by CED on the World Wide Web

PREVIOUS PROJECTS

Since its establishment in 1993, *CED* has managed several projects focused on various parts of the Slovak economy. A description of these projects are as follows

PRIVATE SECTOR DEVELOPMENT IN SLOVAKIA

Period: June 1, 1994 - July 31, 1995

This project focused on the identification of principal barriers which affected the privatisation process and on the formulation of policy recommendations to remove these barriers. The privatisation legislation, regulation, and activities concerning private sector development were studied in order to identify shortfalls and obstacles. Changes in regulations and legislation were formulated and submitted to the appropriate governmental institutions.

BANKRUPTCY REGULATION IN SLOVAKIA

Period: June 1, 1995 - July 31, 1995

The project was designed to analyse bankruptcy policies and proceedings in the Slovak Republic. It focused on the identification of principal barriers that affect bankruptcy regulation, the formulation of policy recommendations to remove these barriers, and explaining the role of bankruptcies to the general public as well as to respective experts. Changes in regulations and legislation were formulated and submitted to appropriate policy makers via seminars and direct contacts with members of the Slovak Parliament and other decision makers in the executive, legislative and judicial branches of government as well as the free print and electronic media.

BANKRUPTCY REGULATION IN SLOVAKIA AND THE CZECH REPUBLIC

Period: January 1, 1996 - June 30, 1996

The project was designed to analyse bankruptcy policies and proceedings in both the Czech and the Slovak Republics. It was accomplished in co-operation with experts from *Center for Democracy and Free Enterprise* (The Czech Republic).

PREVIOUS PROJECTS

MAPPING AND PROMOTING PRIVATISATION IN SLOVAKIA

Period: July 1, 1996 – December 31, 1996

This project culminated in a study entitled "The Family Circle Privatisation" which focused on the consequences of the bond method of privatisation and the exclusion of "strategic firms" from privatisation. It also examined transparency and compared the effectiveness of corporate governance of privatised enterprises with the mass privatisation scheme and through standard methods. Research results enabled the *CED* to formulate policy recommendations and changes in respective legislation.

PROMOTING LOCAL DEMOCRACY THROUGH THE INTERNET IN SLOVAKIA I.

Period: May 1, 1996 – April 30, 1997

Summary:

The proposed pilot project created conditions for implementing a broader, more ambitious plan designed to promote local democracy through the Internet in Slovakia. All municipalities involved in the project as well as Office of the *Associations of Towns and Villages of Slovakia* was connected to the Internet via commuted (not fixed) telephone lines. This allowed all participants to fully utilise the network. Good orientation in the Internet has been provided to all who are interested in municipal issues. Economic and legal information and materials about environmental protection, democratic development of a society and a market economy are available at the touch of a finger. Other information resources are available from universities, governments, non - governmental organisations, private entities, and directly from the *Center for Economic Development*.

PROMOTING LOCAL DEMOCRACY THROUGH THE INTERNET IN SLOVAKIA II.

Period: May 1, 1996 – April 30, 1997

The project continued in activities from the previous one. Additional municipalities had been involved into the project and increased number of information had been published in the special World Wide Web for municipalities. During the project also discussion group had been created in order to change the information between municipalities' authorities.

INTERNATIONAL PROJECTS

TRANSPARENCY INTERNATIONAL, CENTER FOR ECONOMIC DEVELOPMENT

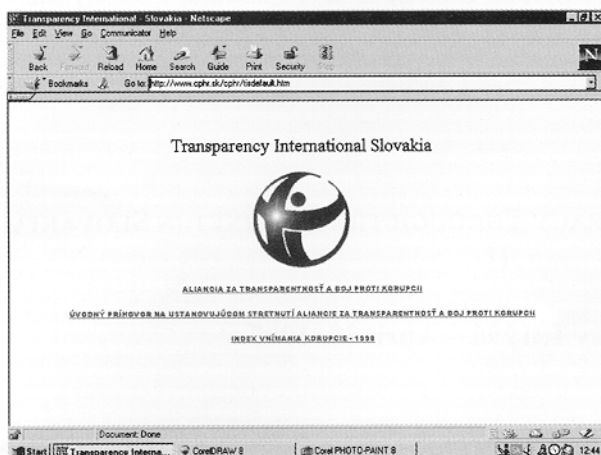
ESTABLISHING OF THE LOCAL CHAPTER TRANSPARENCY INTERNATIONAL SLOVAKIA

Transparency International Slovakia (TIS) is a national chapter of Transparency International (TI), the only international movement exclusively devoted to the problems of transparency, corruption and bribery on both national and international levels. In over 70 countries, TI national chapters promote public awareness and comprehensive integrity systems.

TIS was established on September 21, 1998 in Bratislava where the TIS secretariat is now situated. Formally, TIS is the branch of the Center for Economic Development.

TIS is based on the following guiding principles:

- TIS emphasis is on prevention and on reforming systems, not on exposing individual cases;
- TIS considers that the movement against corruption is global and transcends social, political, economic and cultural systems;
- Internally, TIS observes the principles of participation, decentralisation, diversity, accountability and transparency;
- TIS is politically non-partisan; and
- TIS recognises that there are strong practical as well as ethical reasons for containing corruption.



Homepage of the Transparency International Slovakia

INTERNATIONAL PROJECTS

ACE PHARE, FORD FOUNDATION, THE PEW CHARITALBE TRUSTS

THE ECONOMIC POLICY INITIATIVE (EPI) STRENGTHENING THE PUBLIC POLICY PROCESS IN CENTRAL AND EASTERN EUROPE

Project Co-ordinator: *The Centre for Economic Policy Research (CEPR)*
The Institute for East-West Studies (IEWS)

Partner Countries: Bulgaria, Czech Republic, Hungary, Poland, Romania, *Slovakia*,
Slovenia

The project's goal is to strengthen the public policy process in Associated Countries of the European Union and assist them in their preparation for accession to the EU. It is also designed to strengthen the capacity of local institutions in the Associated Countries of the European Union and to play an active role in the economic policy process throughout the entire region.

ACE PHARE

INDUSTRIAL CHANGE IN TRANSITION: A COMPARATIVE ANALYSIS OF THREE INDUSTRIES IN THREE COUNTRIES

Project Co-ordinator: Prof. Marvin Jackson,
*Leuven Institute for Central and East European Studies, Faculty
of Economic and Applied Economic Sciences, Catholic
University of Leuven, Belgium*

Partner Countries: Belgium, Ireland, Italy, Hungary, Romania, *Slovakia*

The goal of the project is to do a systematic cross-country comparative analysis of three important selected industries in Hungary, Romania and Slovakia: the textile and clothing industry, automotive assembly and parts, and the ferrous metallurgy industry. The key points of the restructuring process will be investigated at the level of subbranches and by major enterprises in each industry. Current literature in industrial organisation, trade and location, and labour economics will be applied to the empirical evidence obtained for the key enterprises and at the sectoral level. Special attention will be devoted to the up- and downstream linkages of these industries.

OTHER ACTIVITIES

SOME OFF-PROJECT ACTIVITIES

- At the conference named “Possibilities and Barriers to Financial Revitalisation of Entrepreneurial Sector,” Daniela Zemanovičová gave a lecture on bankruptcy and settlements legislation, execution law and revitalisation act
- Eugen Jurzyca took part in a panel discussion within the UNO’s Europe Economic Commission seminar (Geneva, Switzerland)
- Daniel Kovács gave a presentation on „Usage of Internet in Local Government Activities“ at the session of Association of Slovak Cities and Villages
- Daniela Zemanovičová as an external expert participated in EU’s Economic and Social Committee session
- Eugen Jurzyca gave a lecture at the seminar organised by Slovak branch of the Friedrich Ebert Foundation on the topic „Most Important Conflicts the Area of Economic Policy after 1998 Elections“
- Daniel Kovács prepared an expert evaluation of the 2 diploma works written by the students of Bratislava University of Economics, named “Internet – Phenomenon of Today and Its Practical Usage” and “Electronic Trade – Service with a High Value Added”
- Daniela Zemanovičová held a lecture “Development of Competitive Environment in Transition Economies” at the Bratislava University of Economics’ international scientific conference
- Eugen Jurzyca took part at the seminar of the Center for International Private Enterprise (CIPE) in Bucharest
- Daniela Zemanovičová took part in the negotiations of EU Economic and Social Committee held in Bratislava
- Emília Sičáková & Daniela Zemanovičová worked on the project „Efficiency Evaluation of Phare Aid for Small and Medium-Sized Enterprises“
- Daniela Zemanovičová participated in preparation of OECD’s Economic Survey on Slovakia
- Eugen Jurzyca as an external expert of OECD took part at the Forum on new Chinese antimonopoly law
- Daniela Zemanovičová gave a presentation for members of Swedish Chamber of Commerce in Bratislava
- Eugen Jurzyca has been named member of Economic Council of the Government (advisory body to deputy prime minister for economics)
- Daniela Zemanovičová held a lecture “Institutional Framework for Restructuring” at the conference Managerial Forum
- Eugen Jurzyca took part at the conference organised by the Centre for Economic Policy Research in Brussels
- CPHR organised the press conference focused on Public Administration Restrains to Economic Competition in Slovakia

JOURNAL ARTICLES

List of the main journal articles published in both Slovak and foreign press
on CED and its activities in 1998:

Národná obroda	2. 1. 1998	"Main Barriers of Housing"
Hosp. noviny	5. 1. 1998	"Luxury Tax? "
Obecné noviny	6. 1. 1998	"Internet Discussion Group for Municipalities Managed by CED"
Trend	7. 1. 1998	"Discussion Forum"
Práca	7. 1. 1998	"The Main Barriers of Housing in Slovakia"
Národná obroda	12. 1. 1998	"Jurzyca: Current Account Deficit Increases Instability of Slovak Economy"
Sme	13. 1. 1998	"According to Jurzyca Current Account Development of the SR has also Positives"
Pravda	16. 1. 1998	"The First Increase of Inflation"
Nové Slovo	January 1998	"Barriers of Construction of Houses"
Trend	21. 1. 1998	"Transparency of Economy – Lectures at the seminar"
MFD	22. 1. 1998	"Slovakia Goes to the „Finance Chasm“"
Nové Slovo	February 1998	"Barriers of Construction of Houses"
Národná obroda	26. 1. 1998	"Forecast of GDP Growth"
SITA	26. 1. 1998	"Jurzyca's Economy Development Forecast"
Slovenský Profit	27. 1. 1998	„Horrors in Housing“
Národná obroda	27. 1. 1998	"Jurzyca: Possible Debt Crisis"
Sme	27. 1. 1998	"Slovakia Meet all three Conditions for Debt Crisis"
Národná obroda	28. 1. 1998	„Evaluation of Regulatory Barriers“
Pravda	28. 1. 1998	„We Need New Law on Bankruptcy“
Národná obroda	30. 1. 1998	"Monetary Policy of NBS"
S. Republika	30. 1. 1998	„Sensitive Problem of Housing“
Hosp. noviny	30. 1. 1998	„Restructuring As a Starting Point“
Národná obroda	30. 1. 1998	"Share of the Government on Domestic Sources Consumption Grows"
Národná obroda	31. 1. 1998	„Jurzyca: Money Supply Development“
Národná obroda	2. 2. 1998	„GDP Growth“
SITA	2. 2. 1998	„NBS Policy“
Národná obroda	2. 2. 1998	"Government Does Not Think on Influence of Political Privatization on Management of Firms"
Národná obroda	3. 2. 1998	„CED Study on Labour Market Presentation“
SME	3. 2. 1998	„CED on NBS Policy“
Nový Čas	4. 2. 1998	„Problem With Unemployment“
Pravda	6. 2. 1998	„Long Term Investments Are Missing“
Pravda	9. 2. 1998	„Housing“
Nový Čas	9. 2. 1998	"Independent Economist on Positives and Negatives of Slovak Membership in EU"
Národná obroda	10. 2. 1998	„Jurzyca on NBS“
Pravda	11. 2. 1998	"Disarrangedness and Protection"
Hosp. noviny	16. 2. 1998	„How to Obtain Flat“

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Slovenský Profit	17. 2. 1998	„Marcincin: Restructuring of Banks“
Národná obroda	17. 2. 1998	„CED Measures Effectiveness of Financial Tools for Development of Housing“
Národná obroda	18. 2. 1998	„Why Economy Cannot Work without Bankruptcy“
Národná obroda	23. 2. 1998	"Jurzyca: Grow of Inflation is a Proof of Growth of Instability"
Národná obroda	26. 2. 1998	„On Slovak Economic Forum Establishment“
Národná obroda	2. 3. 1998	„For Plurality of Opinions Is Necessary to Have Stronger Regime of Concentrations“
Národná obroda	2. 3. 1998	„Slovak Antimonopoly Office Can Stop Concentration on Medial Market“
Národná obroda	2. 3. 1998	"According to the Index of Economic Freedom is Slovakia on 66. range"
Hosp. noviny	6. 3. 1998	„Housing in Slovakia“
Národná obroda	7. 3. 1998	„Privatization of PNS is a Concentration“
Národná obroda	9. 3. 1998	„Marcincin: Restructuring is Lowering of Financial Losses“
Hosp. noviny	10. 3. 1998	„Without Initiative of Municipalities Housing Will Not Work“
Sme	10. 3. 1998	"Glossary"
Sme	10. 3. 1998	"Tax Reliefs for Foreign Investors Does Not Persuaded Them to Invest into Slovak Economy"
SME	11. 3. 1998	„Housing“
Trend	11. 3. 1998	„Housing Policy“
Trend	11. 3. 1998	„Housing Policy“
Národná obroda	12. 3. 1998	„February's Inflation Development“
SME	13. 3. 1998	„Where Europe Ends, Iceland Begins“
Pravda	16. 3. 1998	„Housing in Slovakia“
Národná obroda	17. 3. 1998	„Housing and Its Structure in Slovakia“
Trend	17. 3. 1998	„Articles on Housing“
SME	17. 3. 1998	„Young People Count With High Expenditures for Housing“
Práca	17. 3. 1998	„Housing and its Financing“
SME	17. 3. 1998	„Costs for Housing Reported 13-14% of All Expenditures of People“
Nový Čas	18. 3. 1998	„Worse Image of Slovakia Means Higher Interest Rates“
Pravda	18. 3. 1998	„Competition Will Loose“
SITA	19. 3. 1998	„HDP Growth Prognosis“
SME	24. 3. 1998	„Analytics Wait Lowering of GDP Growth in Slovakia“
Národná obroda	25. 3. 1998	„Governor of NBS Has a Lecture on Slovak Economic Forum“
Burza	March 1998	„Bankruptcy Amendment Law“
Trend	8. 4. 1998	"Young People Want to Own Small Flats"
Práca	9. 4. 1998	"Jurzyca: Low Transparency of Economy and Strong Role of the Government"
Hosp. noviny	10. 4. 1998	"Slovak Economic Results"
Práca	14. 4. 1998	"National Bank of Slovakia Does Not Change Assumptions"
Trend	22. 4. 1998	"Protection of Economic Competition Cannot Be Uncared"
Národná obroda	23. 4. 1998	"Amendment of the Bankruptcy Law"
SME	28. 4. 1998	"Restructuring of Enterprises"

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SME	28. 4. 1998	"Jurzyca: Trend in Growing of FDI is Bad"
SME	28. 4. 1998	"Indebtedness Grows"
SME	28. 4. 1998	"According to Analysts, IRB Postpones Problems"
Slovenský Profit	28. 4. 1998	"Housing"
Ekon. Čas	April 1998	"Barriers of the Competition"
Trend	April 1998	"Slovak Economic Forum Establishes"
Trend	April 1998	"Financial Management – D. Zemanovičová"
B. C. Europe	April 1998	„Sugar – Coated Pill“
B. C. Europe	April 1998	„Can Cronyism Work?“
Staviteľ'stvo	April 1998	„Lack of Flats and New Conditions in Housing“
Národná obroda	2. 5. 1998	"Foreign Trade Results – 1. half of 1998"
SME	5. 5. 1998	„Restructuring of Slovak Enterprises“
SME	5. 5. 1998	„Trend in Slovak Foreign Trade Development Shows Worsening of Situation“
Nový Čas	7. 5. 1998	„Jurzyca: Lowering of Rating of the SR“
Hosp. noviny	20. 5. 1998	„Export is Dominant“
SITA	28. 5. 1998	„Trade Balance“
Journal	May 1998	„Interview with E. Jurzyca“
SME	2. 6. 1998	„Jurzyca: Trade Deficit Will Reach Record Level in This Year“
Nový Čas	8. 6. 1998	„One Question for E. Jurzyca“
Nový Čas	8. 6. 1998	„Devaluation of the Slovak Currency...“
Národná obroda	10. 6. 1998	„Inflation in Slovakia“
Trend	17. 6. 1998	„European Economic and Social Committee: Transformation in Slovakia Is in Turning Point“
Národná obroda	20. 6. 1998	"Political Stability Is the Most Important Condition for Enhancing of FDI"
Slovenský Profit	30. 6. 1998	„Exemption from Taxation“
Národná obroda	18. 7. 1998	"On Problems of Restructuring of the Slovak Economy"
Hosp. noviny	21. 7. 1998	"What Does the Slovak Economy Need?"
Národná obroda	21. 7. 1998	"Alliance for Transparency and the Against the Corruption"
Manažér	July 1998	"Slovakia on the Cross"
SME	22. 7. 1998	"Crisis of Housing is a Consequence of Elementary Economic Rules"
Národná obroda	27. 7. 1998	"Foreign Indebtedness of Slovakia is Close to 60% Level of GDP"
CIPE Homepage	29. 7. 1998	"Speech of Mr. Sullivan Before House Committee on Commerce"
Národná obroda	29. 7. 1998	"Different Opinions of Analysts on the Future Economic Growth of the SR"
Trend	1. 8. 1998	"Restructuring of the Slovak Enterprises"
Burza	8/98	"Influence of the Ownership on Restructuring Changes"
Národná obroda	3. 8. 1998	"Domestic and Foreign Credits Can Get Only 10% of Firms"
SME	4. 8. 1998	"Privatization of Energy Sector"
Národná obroda	5. 8. 1998	"To Forbid Energy Privatization is an Extreme"
Národná obroda	6. 8. 1998	"Development of the Slovak Economy"
Trend	26. 8. 1998	„Transformation Will Cause Lowering of Economic Growth“

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Národná obroda	26. 8. 1998	„Jurzyca Does Not Believe that Slovakia Will Make a Profit from Russian Devaluation“
Pravda	26. 8. 1998	„Influence of the Russian Crisis“
Trend	2. 9. 1998	"Slovak-Russian Business Is Not Influenced by Crisis"
Národná obroda	4. 9. 1998	„VSŽ Košice Company Does Not Fear of Current Crisis in Russia“
FINI67	6. 9. 1998	„IMF's Recommendations Prove On Need of Changes“
Hosp. noviny	7. 9. 1998	„1/3 of Decision Without Information“
SME	8. 9. 1998	„Fear of Privatisers On Situation After Elections Stimulate Another Investments“
Národná obroda	11. 9. 1998	„Jurzyca: The Sooner Will Slovakia Member of EU the Faster Will Grow Its Economy“
Nový Čas	11. 9. 1998	"Conditions for Foreign Investment"
SME	14. 9. 1998	„Capacity of Slovak Economy Are Almost Exhausted“
Národná obroda	14. 9. 1998	„IMF's Reaction to the Development of the Slovak Economy“
SITA	16. 9. 1998	„Situation in the Slovak Banking Can Be Considered for Crisis“
SME	18. 9. 1998	„Old Government Managed Economy Only Up to Elections, New One Will Have Hard Position“
Práca	19. 9. 1998	„Too Late Signal On Situation in Economy“
SME	19. 9. 1998	„He Wants To Come Back in 2000“
Pravda	20. 9. 1998	„Bad Loans“
Hosp. noviny	22. 9. 1998	„Competition Needs....“
Národná obroda	22. 9. 1998	„Lack of Information Lowers Efficiency of the Economy“
Práca	22. 9. 1998	„Transparency International in Slovakia“
Trend	22. 9. 1998	„Slovakia in Corruption Index“
Práca	22. 9. 1998	„TI in Slovakia“
Nový Čas	22. 9. 1998	„TI Slovakia“
S. Republika	22. 9. 1998	„Under the Flag of the Fight Against the Corruption“
FINI67	22. 9. 1998	„Privatization Is the Best Way How to Heal Banking Sector“
Nový Čas	23. 9. 1998	„80 of Slovak Businessmen Met With the Corruption“
Práca	23. 9. 1998	„CPHR Calls Citizens Not To Participate on Referendum“
Nový Čas	24. 9. 1998	„How to Fight With Corruption?“
FINI67	24. 9. 1998	„CPHR Calls Citizens Not To Participate on Referendum“
Národná obroda	25. 9. 1998	„Corruption Perception Index – Position of Slovakia“
Národná obroda	25. 9. 1998	„Competitive Method of License Granting“
Národná obroda	25. 9. 1998	„Applying of Different Conditions Is Breaking of Rules“
Národná obroda	26. 9. 1998	„Revitalisation Law“
Nový Čas	28. 9. 1998	„Faults in Public Procurement“
Národná obroda	29. 9. 1998	„According to Analysts is Devaluation of Slovak Currency Necessary“
SME	29. 9. 1998	„Bad Situation in State Finance“
SME	29. 9. 1998	„Economists Recommend to New Government Measures Whose Part Can be Also Devaluation“
Nový Čas	30. 9. 1998	„Where the New Government Should Start“
Národná obroda	1. 10. 1998	„Paying of Taxes Has To Be Transparent“

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Národná obroda	5. 10. 1998	„Using of Confidential Information in Non-transparent Practices“
Hosp.&Politika	6. 10. 1998	„Corruption on the Grill of the Transparency“
Národná obroda	10. 10. 1998	„Due to the Non-transparency Slovakia Has to Prepare a New Public Procurement Law“
Národná obroda	15. 10. 1998	„Administrative Issuing of Licenses Is Non-transparent“
Národná obroda	28. 10. 1998	„Key of the Economic Success Is Transparent Regulation of Natural Monopolies“
Národná obroda	17. 11. 1998	„Slovakia Needs New Public Procurement Law Which Implements Also the Legislation of the European Union“
Národná obroda	24. 11. 1998	„According to Vicepremier Mikloš, Government Is Prepared to Remove Corruption“
Národná obroda	26. 11. 1998	„Transparency in Issuing of Licenses“
SME	1. 10. 1998	„Where Is Heading Slovakia?“
Nový Čas	3. 10. 1998	„Devaluation Yes or Not?“
SME	6. 10. 1998	„Central Bank Should Have Changed Exchange Rate Policy Sooner“
SME	6. 10. 1998	„Foreign Investors Wait For New Stable Government“
Národná obroda	6. 10. 1998	„Both Foreign and Domestic Economists On Prognosis“
Národná obroda	16. 10. 1998	„Jurzyca: Increase of Public Debt Is the Consequence of Unsolving of Problems“
Profit	20. 10. 1998	„Monetary Policy Commentary“
SME	20. 10. 1998	„Increase of the Public Debt Is the Consequence of Problems“
Národná obroda	21. 10. 1998	„D. Zemanovičová: Problems With the Construction of Temporary Budget Is Signal of Economic Troubles“
Národná obroda	10. 11. 1998	„Revitalisation Law Cancelled“
SME	16. 11. 1998	„Economic Situation of Slovakia Is Serious But Not Dramatic“
ČTK	16. 11. 1998	„We Have To Put Over Changes“
SITA	16. 11. 1998	„Conditions of Privatization Are the Biggest Barriers of Enterprise“
Trend	18. 11. 1998	„Influx of FDI to Slovakia Increases“
Pravda	20. 11. 1998	„Barriers To Economic Competition“
Újszó	23. 11. 1998	„FDI“
Trend	24. 11. 1998	„Will Be Slovakia OECD Member Already Next Year?“
Hosp. noviny	24. 11. 1998	„Economic Protection Competition“
Národná obroda	25. 11. 1998	„Businessmen Consider Un-equal Conditions for the Deformation of the Economic Competition“
Nový Čas	25. 11. 1998	„Why Do We Need FDI?“
Národná obroda	26. 11. 1998	„Administrative Barriers to Economic Competition“
Národná obroda	27. 11. 1998	„FDI Are the Accelerator of Transformation Process“
BBC	27. 11. 1998	„CED Conference on FDI“
Trend	2. 12. 1998	„Effective Regulation of Natural Monopolies...“
Národná obroda	2. 12. 1998	„FDI“
Profit	8. 12. 1998	„How the Foreign Capital Borns“
Nový Čas	9. 12. 1998	„A packet of Unpopular Measures Is Necessary“
Profit	15. 12. 1998	„Antimonopoly Office Needs To Return Credibility“
B.C. Europe	21. 12. 1998	„Banking“
Národná obroda	30. 12. 1998	„FDI Support in Restructuring of the Economy“